

## **Minutes of the Finance Committee**

**Wednesday, September 3, 2014**

Chair Heinrich called the meeting to order at 8:30 a.m.

**Present:** Supervisors Jim Heinrich, Larry Nelson, Duane Paulson, Richard Morris, Steve Whittow, Bill Zaborowski, and Eric Highum.

**Also Present:** Legislative Policy Advisor Sarah Spaeth, Administration Director Norm Cummings, Matt Masterson of The *Freeman*, Risk/Purchasing Manager Laura Stauffer, Principal Risk Management Analyst Mark Jatczak, Business Services & Collections Manager Andy Thelke, and Senior Financial Analyst Linda Hein. Recorded by Mary Pedersen, County Board Office.

### **Approve Minutes of August 20**

MOTION: Zaborowski moved, second by Whittow to approve the minutes of August 20. Motion carried 7-0.

### **Schedule Next Meeting Date**

- September 17

### **State Legislative Update**

Spaeth said she has been following State study committees including one on State treatment courts. She and State Rep. Dale Kooyenga observed the County's drug court last week and met with Judge Bill Domina and Criminal Justice Collaborating Council (CJCC) Coordinator Rebecca Luczaj to discuss the study committee's recommendations.

### **Fund Transfer 2014-210-2: Federated Library – Transfer Funds from Fixed Assets to Operating Expenses**

At the request of Budget staff, this item was delayed for a future meeting.

### **Annual Report on County Equalized Property Values and Tax Incremental District (TID) Update**

Cummings said for the first time in about five years property values are increasing. Cummings distributed copies of "Statement of Changes in Equalized Values by Class and Item" prepared by the Wisconsin Department of Revenue. In 2002-2007, higher market based inflation rates ranging from 4.2% to 9% on residential properties (over 75% of total value) along with new construction were primarily responsible for greater valuation growth rates than in recent years. Beginning in 2009, deflation on residential property rates offset by new construction of less than 2% are responsible for most of the valuation decrease. Prior to 2009, the County had not experienced a tax base reduction in over 30 years.

The total equalized property value in the County for budget year 2015 (including Tax Incremental Districts, residential, personal, commercial, manufacturing, agricultural, and forest/swamp/other properties) is \$48,995,016,900. This represents an increase of \$1,777,650,200 or 3.76% from 2013.

Commercial properties and manufacturing continue to maintain their share of the tax base at 19% and 3% respectively.

Cummings reviewed his report titled "Waukesha County 2014 County Apportionment" which included information on municipality, TID base value, current value and increment which he discussed as outlined. Cummings highlighted current TIDs. Paulson proposed, and Heinrich concurred, that Cummings give an educational presentation on TIDs at a County Board meeting including concerns on specific TIDs and new TID guidelines.

MOTION: Paulson moved, second by Highum to accept the report on county equalized property values. Motion carried 7-0.

### **Workers Compensation Trends and Experience Modification Rating Factor**

Stauffer referred to her report which included information on expected versus actual losses for 2009 through 2014. Stauffer indicated the Wisconsin Compensation Rating Bureau calculates experience mods based on the experience rating plan that is filed with the Office of the Commissioner of Insurance. Experience mods are used to calculate insurance and workers compensation premiums based on risks, losses, etc. If losses are as expected for a particular class, the mod is 1.0. The mod for more adverse losses will be above 1.0 and for lower losses, the mod will be less than 1.0. The County's benchmark is to be below 1.0. Figures for 2009 through 2014 were 1.05, 1.14, 1.08, 1.08, .99, and .98 respectively. Stauffer said the higher figures were mostly due to rising medical costs and efforts were made with departments, primarily Sheriff and Highway, to lower their losses.

### **Claims Report for Six Months Ended**

Jatzak reviewed the Workers Compensation report as outlined. During the first six months of 2014, 42 claims were opened and of those, 26 remained open at the end of six months. The total incurred was \$325,305. Since 2010, 452 claims have opened, 58 remained open, and \$4,014,109 was incurred. Jatzak highlighted the larger claims that opened and closed.

Highum requested detailed information on cost per injury and types of injury per department. He said the best way to get workers compensation claims under control is to hold department heads accountable. Accidents occur because of negligence. He also expressed concerns about potential fraud. Stauffer noted the Risk Management budget is allocated to departments and paid by departments. Each budget is based on exposure by line of business and loss experience, similar to an insurance company. Adverse loss experience will cause a department's budget to increase.

Stauffer reviewed the claims history report as outlined. During the first six months of 2014, 12 general liability claims were opened, three remained open, and the total incurred was \$2,378. Eight auto liability claims were opened, two remained open, and \$11,503 was incurred. Regarding auto physical damage, ten claims were opened, nine remained open, and the total incurred was \$34,324. Twelve property damage claims were opened, nine remained open, and \$154,861 was incurred. Stauffer highlighted the larger claims that opened and closed.

MOTION: Paulson moved, second by Morris to accept the claims report for six months ended. Motion carried 7-0.

**Proprietary Funds Report for Six Months Ended**

Thelke and Hein reported on the County's enterprise and internal service funds. Those funds that showed a net loss at the end of six months 2014 were the Naga-Waukeee Golf Course (-\$154,214); Wanaki Golf Course (-\$218,461); Moor Downs Golf Course (-\$101,207); Eble Park Ice Arena (-\$6,831); Airport (-\$65,192); Central Fleet (-\$78,659); and End User Technology (-\$30,679). Those funds that showed a net income were the Naga-Waukeee Ice Arena (\$15,466); Materials Recycling (\$628,980); Vehicle/Equipment Replacement (\$100,419); Radio Services (\$175,108); Records Management (\$40,259); Communications (\$314,615); Risk Management/Workers Compensation (\$55,989); Collections (\$141,980); and Health Insurance (\$688,305).

Paulson noted the Naga-Waukeee Golf Course is usually in the black and should we be concerned with the \$154,214 net loss? Thelke said Parks & Land Use staff are studying this issue. As competition continues to increase, the budget will be affected. This is a long-term concern and the study will probably be discussed further during the budget process. Thelke noted that figures for July and August were significantly better although are not reflected in this report. To answer Morris' question, Thelke said revenues at Wanaki Golf Course are up due to a lack of flooding. Floodwater from the Fox River can close it for weeks at a time.

MOTION: Morris moved, second by Zaborowski to accept the Proprietary Funds report for six months ended. Motion carried 7-0.

MOTION: Whittow moved, second by Morris to adjourn at 11:15 a.m. Motion carried 7-0.

Respectfully submitted,

William J. Zaborowski  
Secretary